

Message Text

CONFIDENTIAL

PAGE 01 HONG K 00265 060627Z

ACTION EB-03

INFO OCT-01 SS-14 ISO-00 EA-06 CIAE-00 NSAE-00 NSC-05

TRSE-00 L-01 OMB-01 SP-02 ACDA-10 USIA-01 DODE-00

/044 W

-----081571 060634Z /17

R 060502Z JAN 78

FM AMCONSUL HONG KONG

TO SECSTATE WASHDC 8454

INFO USLO PEKING

C O N F I D E N T I A L HONG KONG 0265

LIMDIS

EO 11652 GDS

TAGS: ETRD, HK

SUBJECT: PROPOSED IBM SALE OF COMPUTERS TO BANK OF CHINA HONG KONG

1. IN A RECENT DISCUSSION WITH CONGENOFF, MESSRS. DONALD K. BLACK AND JOHN L. THROCKMORTON, GENERAL MANAGERS, IBM WORLD TRADE ASIA CORPORATION FOR SOUTHEAST ASIA REGION AND HONG KONG, RESPECTIVELY, SAID THAT IN EARLY NOVEMBER 1977, THE BANK OF CHINA (BOC) HONG KONG HAD DESIGNATED IBM AS THE COMPANY FROM WHICH IT INTENDS TO BUY A MAIN FRAME COMPUTER SYSTEM TO SERVE THE PRC-CONTROLLED BANKING COMMUNITY IN HONG KONG. THE SALE OF TERMINALS TO BE INSTALLED IN THE COMMUNITY BANKS, HOWEVER, IS STILL OPEN TO BIDDING FROM ALL COMPANIES WHO MANUFACTURE COMPATIBLE UNITS, INCLUDING IBM.

2. IBM EXPECTS TO CONCLUDE THE SALE OF TWO 3032 MAIN FRAME COMPUTERS WITHIN 60 TO 90 DYS. ONLY DELIVERY DETAILS REMAIN TO BE AGREED UPON AND NECESSARY PAPERWORK COMPLETED BEFORE THE CONTRACT IS SIGNED. THE BOC IS AGREEABLE TO THE ONE PRICE OFFERED IT AND PAYMENT WOULD BE MADE IN CASH ON DELIVERY.

3. THE COMPUTERS WOULD BE INSTALLED AND OPERATIONAL WITHIN SIX MONTHS AFTER THE CONCLUSION OF THE DEAL. THE BOC IS CONFIDENTIAL

CONFIDENTIAL

PAGE 02 HONG K 00265 060627Z

PREPARING A SITE FOR INSTALLATION OF THE 3032 UNITS IN THE BOC BUILDING AND IBM IS TRAINING BOC COMPUTER SPECIALISTS.

4. WHILE COCOM RESTRICTIONS DO NOT APPLY TO THE SALE OF THE COMPUTERS TO BE USED IN HONG KONG, IBM STILL REQUIRES AN EXPORT LICENSE WHICH IT EXPECTS TO OBTAIN WITH NO DIFFICULTY, SINCE IBM HAS RECEIVED A LETTER FROM THE DEPARTMENT ADVISING THAT THERE

WOULD BE NO PROBLEM. UNDER EXISTING RESTRICTIONS THE SYSTEM
CANNOT BE RE-EXPORTED FROM HONG KONG TO THE PRC.

5. THE EXPECTED SALE WOULD CAP A TWO AND A HALF YEAR SALES
EFFORT BY IBM HONG KONG. INITIAL CONTACT WITH BOC OFFICIALS
IN HONG KONG WAS MADE BY IBM HOME OFFICE REPRESENTATIVES BEFORE
IBM HONG KONG TOOK OVER THE PROJECT EXCLUSIVELY. IBM HAS MADE
NO CONTACT WITH PEKING ON THE PROPOSED SALE.

6. BLACK'S AND THROCKMORTON'S COMMENTS DISPELLED FALSE
IMPRESSIONS CONCERNING THE CURRENT STATUS OF NEGOTIATIONS.
THE LOCAL PRESS HAD REPORTED THAT THE SALE HAD ALREADY BEEN
MADE WITH REQUIRED COCOM APPROVAL PENDING BUT LIKELY TO BE GIVEN.

7. BLACK AND THROCKMORTON HAVE ASKED THAT ANY INFORMATION THEY
HAVE GIVEN US ON THE STATUS OF THEIR NEGOTIATIONS WITH THE BOC
BE HELD TIGHTLY. THEY EXPRESSED THEIR CONCERN THAT THE BOC'S ACUTE
SENSITIVITY TO ANY INFORMATION ON THE CURRENT STATUS OF NEGOTIATIONS
MIGHT JEOPARDIZE IBM'S SALE SHOULD IT BECOME PUBLIC
KNOWLEDGE.

SHOESMITH

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptoning: Z
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: SALES, COMPUTERS, BANKS
Control Number: n/a
Copy: SINGLE
Draft Date: 06 jan 1978
Decaption Date: 20 Mar 2014
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978HONGK00265
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780009-0965
Format: TEL
From: HONG KONG
Handling Restrictions:
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780193/aaaadabz.tel
Line Count: 83
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 189901e6-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: LIMDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: LIMDIS
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 29 apr 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3819277
Secure: OPEN
Status: NATIVE
Subject: PROPOSED IBM SALE OF COMPUTERS TO BANK OF CHINA HONG KONG
TAGS: ETRD, HK
To: STATE
Type: TE
vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/189901e6-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014